

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7756

BILL NUMBER: HB 1477

DATE PREPARED: Feb 9, 2001

BILL AMENDED: Feb 8, 2001

SUBJECT: Blacklisting and Prohibited Acts by Employers.

FISCAL ANALYST: Chuck Mayfield

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FUNDS AFFECTED: X

**GENERAL
DEDICATED
FEDERAL**

IMPACT: State & Local

Summary of Legislation: (Amended) This bill recodifies the law concerning employment blacklisting and specifies that protection applies to both an individual who voluntarily separates from employment and to an individual who is discharged from employment. It specifies what damages may be awarded in a civil action by a former employee against an employer who has prevented the employee from obtaining employment with another employer by knowingly providing false information. The employee may request in writing for copies of written communication between current or former employers and the prospective employer, if the request is made within 30 days of application with the prospective employer. The bill provides that an employer may not require that an employee or a prospective employee who earns or will earn less than 250% of the federal minimum hourly wage sign a covenant not to compete against the employer for any period of time after the termination of employment with the employer. The bill also provides that an employer may not enforce any covenant not to compete against the employee, by the employer and a former employee separated from employment under any circumstances, if at the time of the separation the former employee earned less than 250% of the hourly federal minimum hourly wage. It provides that an employee, a prospective employee, or a former employee may bring a civil action against an employer that attempts to enforce a covenant not to compete.

Effective Date: July 1, 2001.

Explanation of State Expenditures: The bill has no impact on state expenditures. The blacklisting provision is a recodification of the existing statute.

The current federal minimum hourly wage is \$5.15. The bill would not allow employees who earn less than \$12.875 per hour to sign a covenant to not compete against an employer for any period after the termination of employment with the employer. The state does not have non-competition agreements with employees.

Explanation of State Revenues: The filing fee for civil actions is \$100. Of this fee, 70%, or \$70, is deposited in the state General Fund if the case is filed in a trial court. If a civil case is filed in a city or town court, the state General Fund receives 55% of the \$100 filing fee.

Explanation of Local Expenditures: Added civil actions may increase the caseloads of some trial courts or city or town courts. The operating expenses of the trial courts are paid by county general funds. The expenses of the city and town courts are paid by the general fund of the city or town in which the court is located.

Explanation of Local Revenues: If additional court actions occur and a guilty verdict is entered, local governments would receive revenue from the following sources: (1) The county general fund would receive 27% of the \$120 court fee that is assessed in a court of record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive 3% of court fees. If the case is filed in a city or town court, 20% of the court fee would be deposited in the county general fund and 25% would be deposited in the city or town general fund. (2) A \$3 fee would be assessed and, if collected, would be deposited into the county law enforcement continuing education fund. (3) A \$2 jury fee is assessed and, if collected, would be deposited into the county user fee fund to supplement the compensation of jury members.

State Agencies Affected:

Local Agencies Affected: Trial courts.

Information Sources: Keith Beesley Department of Personnel, 317-232-3062.